



Natural Resources Conservation Service  
6013 Lakeside Blvd.  
Indianapolis, IN 46278

October 24, 2005

INDIANA BULLETIN NO. IN 440-6-1

**SUBJECT:** PGM- Requests for Prior Year Allowances for Programs Administered Through ProTracts

Purpose: To establish a state process that follows guidance in National Bulletin 440-5-4 for requesting prior year allowances for those programs administered through ProTracts (EQIP and WHIP).

Expiration Date: September 30, 2006

Background: As obligations are liquidated by payments, upward and downward spending adjustments will occur. Downward spending adjustments (payments that are less than the amount obligated) free up funds to cover upward spending adjustments (payments that exceed the amount obligated). Currently any funds available from this process are in a Cost Overrun account in ProTracts. If the Cost Overrun account is depleted, it becomes necessary to request additional funding from NHQ. The most common reasons to request a prior year allocation are:

1. A contract was signed by September 30th of the budget fiscal year that the money was made available for obligation, but was not properly recorded in FFIS;
2. A contract was properly recorded in FFIS, but the obligation amount was incorrect; or
3. A large number of contracts are experiencing cost overruns (contract obligation increases without a change in scope of the project).

The last two circumstances require a contract modification using funds from the same budget fiscal year and fund to cover the cost (obligation) increase. If the current balance of funds in ProTracts is not sufficient to cover a contract modification, the Area Conservationist must request an allowance change. Allowance changes for prior year accounts in EQIP, and WHIP will be processed using the following steps:

1. Area Conservationists will e-mail each allowance change request to Jim Dunaway with a copy to Dwayne Howard, ASTC, Programs. Each request must identify the budget fiscal year, fund (program), amount needed, and the contract number(s) being modified.
2. Programs staff will prepare an allowance change for the State Conservationist to forward to NHQ according to National Bulletin 440-5-4.
3. When the Financial adjustments are completed the State Conservationist will be notified and the Programs staff will notify the Area Conservationist that the modifications can be approved.
4. This process will take several days to complete, see the attached National Bulletin to understand the process that takes place at NHQ for approval.

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State Conservationists are expected to operate within the cost overrun account allocations; therefore, the allowance change process should rarely be used. It is important that District

Conservationists and Area Conservationists work to manage the cost overrun account and ensure that contract modifications and approvals conform to modification requirements in the appropriate program Part, and Part 512- Conservation Program Contracting, of the Conservation Programs Manual.

Additionally, controls will be added to ProTracts that monitor modifications and require State program manager review and approval for all contract modifications that exceed a threshold. Additional instructions will be provided when the threshold value has been determined.

The process and actions in this bulletin are designed to:

- Reduce allocation change requests.
- Reduce the potential for funding modifications that involve a change in contract scope.
- Provide State and District Conservationists with flexibility and accountability for managing contract modifications according to policy.
- Respond to OIG identified concerns.

If you have questions on allowance changes or contract modifications contact Jim Dunaway at Ext. 334, or Dwayne Howard at Ext. 386

JANE E. HARDISTY  
State Conservationist

Attachment

cc: Dwayne Howard, ASTC-Programs, NRCS, Indianapolis, IN